

Message Text

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62

ACTION TRSE-00

INFO OCT-01 ARA-06 EUR-12 ISO-00 EB-07 /026 W

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R 021739Z FEB 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8634

INFO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: PFOR, UK, CJ

SUBJECT: IRS REPRESENTATION IN CAYMAN ISLANDS

1. DEPUTY HEAD OF FCO ATLANTIC AND WEST INDIAN DEPARTMENT, JOHN WILLSON, SPOKE TO EMBASSY OFFICER REGARDING THE ACTIVITIES IN CAYMAN ISLANDS OF IRS AGENT GEORGE S. BARNARD, NOW STATIONED IN MEXICO CITY. WILLSON SAYS THAT BARNARD, WHOM HMG HAS "ACKNOWLEDGED" IN BUT NOT "ACCREDITED" TO THE CAYMANS, HAS CARRIED OUT INTERVIEWS THERE WITH THE REGISTRAR OF COMPANIES AND THE CHIEF OF CID. HMG'S GOVERNOR IN CAYMANS, SENSITIVE TO THE ISLANDS' REPUTATION FOR FINANCIAL PROTECTIVENESS, HAS COMPLAINED TO THE FCO. WHILE FOREIGN OFFICE OFFICIALS ARE ENTIRELY WILLING TO COOPERATE WITH THE USG ON TAX INVESTIGATIONS, THEY WOULD PREFER THAT THIS LIAISON TAKE PLACE THROUGH ESTABLISHED DIPLOMATIC CHANNELS, PREFERABLY IN LONDON.

2. COMMENT: THE FOREIGN OFFICE HAS HANDLED THIS COMPLAINT IN A CASUAL, OPEN FASHION, ALTHOUGH WE UNDERSTAND THE ATLANTIC DEPARTMENT WAS PREPARED TO SEND THE EMBASSY A FORMAL NOTE ON THE SUBJECT. MR. BARNARD IS NOT THE OBJECT OF THE GOVERNOR'S CONCERN. HMG IS CONSCIOUS OF THE SKITTERISH NATURE OF THOSE FOUR THOUSAND-PLUS COMPANIES REGISTERED IN THE CAYMANS WHICH RELY ON THE ISLANDS' REPUTATION FOR FINANCIAL DISCRETION. THE PRESENCE OF AN IRS OFFICIAL, ESPECIALLY IF HE APPEARS TO BE INVESTIGATIVE RATHER THAN FACILITATIVE, MIGHT NOT ENCOURAGE THE SENSE

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OF DISCRETE CONFIDENCE ON WHICH THE ISLANDS' ECONOMY IS

FOUNDED.

3. ACTION REQUESTED: ASSUMING THE CIRCUMSTANCES ARE AS
OUTLINED ABOVE, WE WOULD APPRECIATE GUIDANCE WHETHER WE
SHOULD INFORM FCO THAT WHATEVER OUR IRS INTEREST IN THE
CAYMANS MAY BE, IT WILL BE EXPRESSED ON A GOVERNMENT-TO-
GOVERNMENT BASIS IN LONDON. SPIERS

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Message Attributes

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